

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-81

February 20, 2002

MAINE PUBLIC UTILITIES COMMISSION
Inquiry Into the Provision of Real Time Pricing
In the Power Supply Market

NOTICE OF INQUIRY

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Notice, we initiate an inquiry to obtain information on the issue of real-time metering and pricing in the power supply markets.

II. BACKGROUND

On March 1, 2000, Maine deregulated the generation component of electricity service and Maine consumers were given a right to purchase generation from competitive electricity providers. 35-A M.R.S.A. § 3201. As part of our carrying out the Legislature's goal of establishing effective competitive markets in Maine, the Maine Public Utilities Commission has actively monitored the wholesale and retail power supply markets during the past two years. It would appear, based on the Commission's monitoring activities and on the comments of a wide variety of stakeholders and observers, that one of the major shortcomings in the operation of the current markets is the lack of real-time price information provided to retail customers which would enable customers to act in response to price changes in the market.

III. ISSUES FOR COMMENT

In this Notice, we invite interested persons to comment on the following issues related to what the Commission considers to be the desired result of enabling consumers to respond in real-time to price changes in the power supply markets. Interested persons should also feel free to comment on any additional issues which they believe should be addressed with regard to these subjects.

The broad goal of this NOI is to gather information to answer the following questions:

1. To what extent are consumers currently able to respond in real time to price?

2. What steps, if any, should the Maine Commission or Legislature take to enable consumers to respond in real-time to price changes in the power supply markets?

In general, it appears that there are three general approaches to improving the level of real time demand response. The most direct is to increase the number of customers who have real time meters and who have contractual supply arrangements which allow them to see the economic benefit of lower usage during high cost periods. The second is to expand or improve upon the interruptible load and dispatchable load programs, through continuing to work with NEPOOL and ISO-NE. Finally, it may be possible to modify the load profiles used for customers who take part in targeted real time demand side load management programs but do not have real time meters.

Responders are free to offer whatever comments they feel are appropriate but should also address the following questions:

3. Are there other broad approaches we should consider in addition to the three described above?

4. Can demand response be effectively addressed on a statewide basis or is a region-wide approach required?

5. If a region-wide approach is required, what steps can Maine take to facilitate a region-wide solution to the issue?

6. Should the commission require some forms of advanced metering,¹ for certain groups of ratepayers? If so, for which groups? How should the costs of the advanced meters be recovered? How do the costs compare to the benefits?

7. Are changes to the existing metering, billing, and settlement technologies required to facilitate demand response? If changes are necessary, what are they and what are the costs?

8. Should the Commission require that the Load Serving Entity (LSE) and/or standard offer providers structure their charges so that customers bills bear some clear relationship to on peak real time costs? If so, please describe any requirements you believe the Commission should consider.

9. Are the current NEPOOL and ISO-NE Interruptible and Dispatchable programs adequate? If not, what changes would you recommend?

¹For purposes of this NOI, advanced metering is defined as providing customers with the sufficient market price information in advance to alter their consumption pattern.

10. What is the desirable long-term role of these interruptible programs? For instance, interruptible and dispatchable programs might be the primary long term policy instrument, a short term bridge until load serving entities or other market participants are able to develop alternatives, or a limited long term option, for example for customers who are willing to have a portion of their demand controlled by the system operator as a way of providing additional assurance of demand response and/or providing operating reserves to the system.

11. For those classes where the costs of technology outweigh the benefits of price signals, can similar benefits be obtained by using alternative but less expensive approaches? For example, is it possible to develop load profiles for participants in load management programs?

12. If a load profiling approach implies a risk of misestimating actual usage patterns, how do any errors compare with other measurement errors inherent in the current metering, billing, and settlements regime?

13. Are structural changes to the Maine utility industry (e.g., deregulation of metering and billing) necessary to bring about the desired result? If so, what costs would be associated with such a structural change and how should they be recovered?

14. To the extent you are aware of other states' experience with this issue, please identify such states and your analysis of the results in such states.

15. What studies or reports should the Commission review in trying to formulate a resolution of this issue?

16. Would you recommend the development of pilot program(s) to answer some of the questions raised by this Inquiry? If not, please explain why not. If so, please describe the pilot program(s) you would recommend.

17. What role (if any) should Government play in funding demand response?

IV. INQUIRY PROCESS

Interested persons may participate in this Inquiry by filing a letter stating their interest in this proceeding no later than **March 8, 2002**. The letter should be addressed to: Dennis L. Keschl, Administrative Director, Public Utilities Commission, 242 State Street, Augusta, Maine 04333. All letters should reference the docket number for this case. The Commission will then provide all

interested parties with a copy of the service list. All subsequent filings must be served on all interested parties on the service list.

Interested persons may file substantive comments by **March 27, 2002**.
Reply comments should be filed by **April 11, 2001**.

Accordingly, we

ORDER

1. That an Inquiry be opened as described in the body of this Notice;
2. That this Notice be sent to all electric utilities and all Competitive Electric Providers (CEPs) in the State of Maine;
3. That this Notice be sent to the service lists in Docket Nos. 2001-232; 2001-239, 2001-240, and 2001-399.
4. That this Notice also be sent to the National Association of Regulatory Utility Commissions (NARUC); the Edison Electric Institute (EEI); the Department of Energy (DOE); and the American Council for an Energy Efficient Economy (ACEEE).
5. That this Notice of Inquiry shall also be posted on the Commission's website.

Dated at Augusta, Maine, this 20th day of February, 2002.

BY ORDER OF THE COMMISSION

Raymond J. Robichaud
Assistant Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond